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Message Text

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ACTION EUR-12

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E.O. 11652: N/A
TAGS: ENRG, UK
SUBJECT: UK INDUSTRY INCREASES SHARE OF OFFSHORE MARKET

1. THE OFFSHORE SUPPLIES OFFICE PUBLISHED ON JULY 21 AN ANALYSIS OF ORDERS PLACED FOR OFFSHORE BUSINESS. UK COMPANIES WON 57 PERCENT OF LAST YEAR'S ORDERS, COMPARED WITH 52 PERCENT IN 1975. HOWEVER, THE SIZE OF THE PIE DIMINISHED: THE VALUE OF TOTAL 1976 ORDERS WAS 1,014 MILLION POUNDS, COMPARED TO 1,185 MILLION POUNDS IN 1975, AND 1,280 MILLION POUNDS IN 1974. THE LACK OF ORDERS FOR PRODUCTION PLATFORMS, AND ASSOCIATED EQUIPMENT, LARGELY ACCOUNTS FOR THIS TREND.

2. THE UK SHARE OF OFFSHORE BUSINESS IN CAPITAL GOODS ROSE FROM 63 PERCENT IN 1975 TO 70 PERCENT IN 1976, AND IN THE PROVISION OF SERVICES FROM 41 PERCENT TO 45 PERCENT. IF SECTORS OF THE MARKET WHERE THE UK HAS LITTLE OR NO CAPABILITY ARE EXCLUDED, THE UK SHARE OF THE MARKET FOR 1976 WAS 64 PERCENT. THE EXCLUDED SECTORS ARE THREE:PIPE, PIPELAYING, AND OFFSHORE EMPLACEMENT WORK. IN 1975 AN ADDITIONAL SECTOR, EXPLORATION RIG HIRING, WAS ON THE LIST OF CATEGORIES IN WHICH THE UK
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HAD LITTLE OR NO CAPACITY.

3. THE REPORT SAYS THAT THE FIGURES DO NOT REFLECT SOME OF THE MORE ENCOURAGING DEVELOPMENTS IN UK CAPABILITY; FOR EXAMPLE, THE UK EXPLORATION DRILLING FLEET INCREASED SUBSTANTIALLY. UK EXPLORATION DRILLING UNITS ARE OPERATIONAL BOTH IN THE NORTH SEA AND OVERSEAS. OSO HAS

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ALSO BEEN PURSUING "STRATEGIC INITIATIVES" TOWARDS STRENGTHENING UK CAPACITY IN UNDERWATER ENGINEERING AND MAINTENANCE.

4. NO NEW ORDERS FOR PRODUCTION PLATFORMS FOR THE NORTH SEA WERE PLACED DURING 1976 THOUGH TWO EXPORT PLATFORM ORDERS WERE PLACED AT T/HE END OF THE YEAR. (THIS YEAR ORDERS HAVE BEEN PLACED FOR TWO NORTH SEA PRODUCTION PLATFORMS, MAKING IT LIKELY THAT THE UK SHARE OF THE NORTH SEA BUSINESS WILL RISE AGAIN IN 1977.)

5. ALL THE ABOVE DATA REFERS TO ORDERS. ACTUAL EX-PENDITURE IN 1976 WAS 2,000 MILLION POUNDS, NEARLY DOUBLE THE ORDER FIGURE.

6. A SOMEWHAT DISCORDANT NOTE IS STRUCK IN A FINANCIAL TIMES ARTICLE OF JULY 22. DICKSON MABON, THE MINISTER OF STATE FOR ENERGY, TOLD THAT PAPER THAT THE MANAGEMENT AND UNIONS OF SEVERAL COMPANIES THAT SUPPLY EQUIPMENT TO THE NORTH SEA HAVE BEEN CALLED TO THE DEPARTMENT OF ENERGY TO RECEIVE A DRESSING DOWN BY MABON. MABON SAID THAT THIS HAD HAPPENED LESS THAN FIVE TIMES IN THE PAST YEAR. HE SAID THAT WHEN THE OIL INDUSTRY HAD A VALID COMPLAINT (EVIDENTLY USUALLY ABOUT DELAYS WHICH WERE HOLDING UP EXPLORATION AND DEVELOPMENT), THE DEPARTMENT WAS PREPARED TO TALK TO THE SUPPLYING COMPANIES. BOTH UNCLASSIFIED

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LARGE AND SMALL COMPANIES HAD BEEN REPRIMANDED. MABON SAID, "WE HAVE BEEN VERY TOUGH ON OCCASIONS, PARTICULARLY WHEN WE HAVE GONE OUT OF OUR WAY TO HELP THEM. SOME-TIMES WE HAVE HAD TO GO TO THE WORKFORCE. THEY DON'T LIKE IT, BUT WE DON'T REGARD IT AS A CHOICE CHORE EITHER".

7. WHILE MABON EMPHASIZED THE RARENESS OF THE OFFICIAL "CARPETINGS", THE FINANCIAL TIMES SAYS "IT IS KNOWN, HOWEVER, THAT ON MANY MORE OCCASIONS DR. MABON AND DEPARTMENT OFFICIALS HAVE URGED SUPPLIERS TO ENSURE THAT THEY DELIVER GOODS ON TIME".

STREATOR

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